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April 18, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

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Federal Communications Commission
Office of Secretary

Re: IB Docket No. 96-220
Notice of Ex Parte Presentation

Dear Mr. Caton:

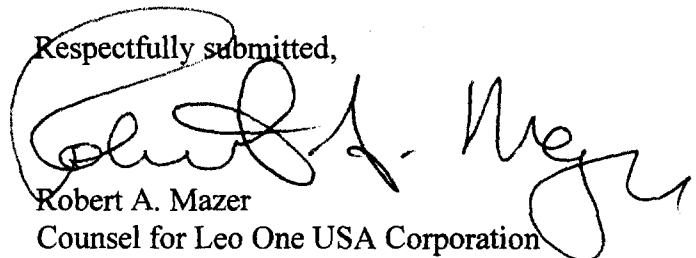
Leo One USA Corporation ("Leo One USA"), by its attorneys, hereby notifies the Commission, pursuant to Section 1.1206 of the Commission's rules, that it participated in a meeting with Commission staff on April 17, 1997 concerning the above-referenced proceeding. The following members of the staff participated:

Joseph Farrell
Douglas Galbi

The purpose of the meeting was to discuss sharing in the 137 and 400 MHz bands. A copy of the material distributed during that meeting is attached. An original and one copy of this notice are being submitted to the Secretary's Office. Copies of this letter are being provided to the members of the staff named above.

Any questions regarding this matter should be directed to the undersigned.

Respectfully submitted,


Robert A. Mazer
Counsel for Leo One USA Corporation

Attachment

No. of Copies rec'd 041
List ABCDE

1. Competitive Analysis

Leo One USA used DOJ/FTC Merger Guidelines to define markets

- Service Categories
 - Tracking, Monitoring, Emergency Services, Messages, Transaction Services
- Coverage
 - Global
 - Nationwide: Ubiquitous
 - Nationwide: Non-Ubiquitous
 - Urban: Pockets of Coverage
- Timeliness
 - Outages in coverage of < 5 minutes
 - Outages in coverage of > 5 minutes and < 30 minutes
 - Outages in coverage of > 30 minutes and < 3 hr.
- Costs
 - Separate markets exist if a low cost provider is able to raise prices by 5% and not cause consumers to shift to other products

Many Markets for Low-Cost Data Services are not Competitive

- 34% of markets cannot be served by any 1st Round Little LEO System - greatest opportunity for public benefit
- 19% of markets can be served by Orbcomm and STARSYS - duopoly at best, possibly a monopoly
- 47% of markets have varying degrees of competition from multiple suppliers of data services
 - Cellular, Broadband PCS
 - SMR
 - Terrestrial Data Networks

Many Markets Have Few or No Substitutes

- Terrestrial Data Providers
 - can serve many markets as a low-cost provider but have limitations on coverage capabilities
- Geostationary Fixed Satellite Service
 - can serve many markets but have limitations on cost, CPE, global coverage
- Big LEOs
 - can serve many markets but have limitations on cost
- Foreign NVNG MSS Systems
 - no authorization to operate in this spectrum -- many are paper applications or meteorological

Grant of Pending Applications of 1st Round Licensees Will Prevent Introduction of New Competitive NVNG MSS Services

- Grant of modification applications of 1st round licensees will prevent licensing of new systems in the 137-138 MHz downlink band
- Grant of the licensees' requests will prevent second round systems from using the 149.9-150.05 MHz band for feeder uplinks

Grant of New 2nd Round NVNG MSS Licenses Will Serve Public Interest

new services will be made available to the public that will
be provided by existing licensees

production of competitive services in markets to be
served by Orbcomm and/or GE Starsys

economic impact resulting from the construction, launch
and operation of approximately 100 new satellites

HHI Analysis

otential icensing Outcomes

1 Today's environment

	Orbcomm, Starsys & VITA each fully deploy licensed systems			VITA operates in specialized non-for-profit market			Starsys fails to launch its system			Neither VITA or Starsys participate in the market		
Licensee	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI
Orbcomm	1	76.51%	5854	1	80.00%	6400	1	94.61%	8951	1	100.00%	10000
Starsys	0.25	19.13%	366	0.25	20.00%	400	0	0.00%	0		0.00%	0
VITA	0.057	4.36%	19	0	0.00%	0	0.057	5.39%	29		0.00%	0
	1.31		6239	1.25		6800	1.06		8980	1.00		10000
	Market Concentration		6239	Market Concentration		6800	Market Concentration		8980	Market Concentration		10000

2 No new licensing,
Orbcomm 2nd
round ammendment
is accepted.

Licensee	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI
Orbcomm	1.16	79.07%	6253	1.16	82.27%	6768	1.16	95.32%	9085	1.16	100.00%	10000
Starsys	0.25	17.04%	290	0.25	17.73%	314	0	0.00%	0		0.00%	0
VITA	0.057	3.89%	15	0	0.00%	0	0.057	4.68%	22		0.00%	0
	1.47		6558	1.41		7083	1.22		9107	1.16		10000
	Market Concentration		6558	Market Concentration		7083	Market Concentration		9107	Market Concentration		10000

3 Three additional licenses
awarded as proposed
in Systems X, Y
by the Parties.

Licensee	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI
Orbcomm	1.16	42.23%	1783	1.16	43.12%	1860	1.16	46.46%	2158	1.16	47.54%	2260
Starsys	0.25	9.10%	83	0.25	9.29%	86		0.00%	0		0.00%	0
VITA	0.057	2.07%	4		0.00%	0	0.057	2.28%	5		0.00%	0
ESAT	0.02	0.73%	1	0.02	0.74%	1	0.02	0.80%	1	0.02	0.82%	1
FAI	0.9	32.76%	1073	0.9	33.46%	1119	0.9	36.04%	1299	0.9	36.89%	1361
CTA	0.36	13.11%	172	0.36	13.38%	179	0.36	14.42%	208	0.36	14.75%	218
	2.75		2944	2.69		3066	2.50		3463	2.44		3621
	Market Concentration		2944	Market Concentration		3066	Market Concentration		3463	Market Concentration		3621

4 Four additional licenses
awarded as proposed
in System A & B1, B2, B3
by Leo One USA.

Licensee	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI	Capacity	Market Share	HHI
Orbcomm	1	28.51%	813	1	28.99%	840	1	30.70%	943	1	31.25%	977
Starsys	0.25	7.13%	51	0.25	7.25%	53		0.00%	0		0.00%	0
VITA	0.057	1.63%	3		0.00%	0	0.057	1.75%	3		0.00%	0
System A	0.9	25.66%	659	0.9	26.09%	681	0.9	27.63%	764	0.9	28.13%	791
System B	0.92	26.23%	688	0.92	26.67%	711	0.92	28.25%	798	0.92	28.75%	827
System B1	0.36	10.27%	105	0.36	10.43%	109	0.36	11.05%	122	0.36	11.25%	127
System B2	0.02	0.57%	0	0.02	0.58%	0	0.02	0.61%	0	0.02	0.63%	0
	3.51		2319	3.45		2394	3.26		2630	3.20		2721
	Market Concentration		2319	Market Concentration		2394	Market Concentration		2630	Market Concentration		2721